

Ind AS 101- First time Adoption of Ind AS.

* Optional Exemptions / Mandatory Exception
↓
No retrospective

* Optional Exemption

1) Deemed Cost for PPE, Intangible Asset & I.P

For PPE, Intangible Asset

For Invest Prop

Option 1: Apply Ind AS from the date of purchase & compute value as on Date of Transition

Option 1 & 2 - Available

FV → Deemed Cost → Not available.

Option 2: Carrying Amt as per Prev GAAP (AS) as on Date of Transition → Deemed Cost for Ind AS

OFU AS c.A → 10L
↪ Deemed Cost for Ind AS

Option 3: Fair value of PPE, I.A as on Date of Transition → Deemed Cost for Ind AS

OFU 1.4.22 → AS CA 10L
(DOT) ↪ FV 12L
↪ Ind AS (Deemed Cost) → 12L.

2] Cumulative Translation Diff (AS 11)

FCTR [Foreign Currency Translation Reserve]

Para 46 / 46A (AS 11)
[Forex G/L on long term loan taken for Non-monetary Asset]

Option 1 → Reset to zero.

Option 2 → Apply Ind AS 21 retrospectively

LPPPE
↓
Option 1 - Reset to zero
Option 2 - Apply Ind AS 21 Retrospectively
Option 3 - Continue following AS 11

3] Compound Financial Instruments (AS - only Fin Lib)

FL o/s on Date of Transition

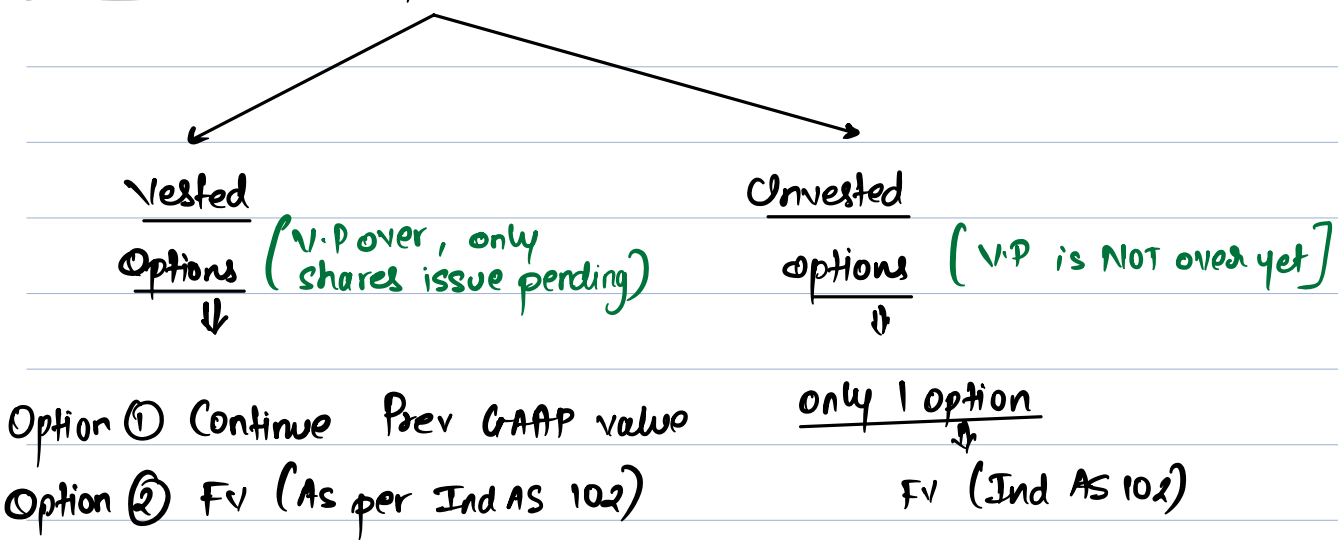
FL NOT o/s on Date of Transition

↓
Retrospectively Apply Ind AS 109 & find the value of FL & Eq. on Date of Transition.

↓
No need to split

Jump

④ Share Based Payment [No AS - Only Guidance Note]



⑤ Invest in Asse / JV / Subs → [SFS] → Ind AS 27

- Option 1 → Prev GAAP (AS) C.A → Deemed cost for Ind AS
- Option 2 → FV on Date of Transition → " " " "

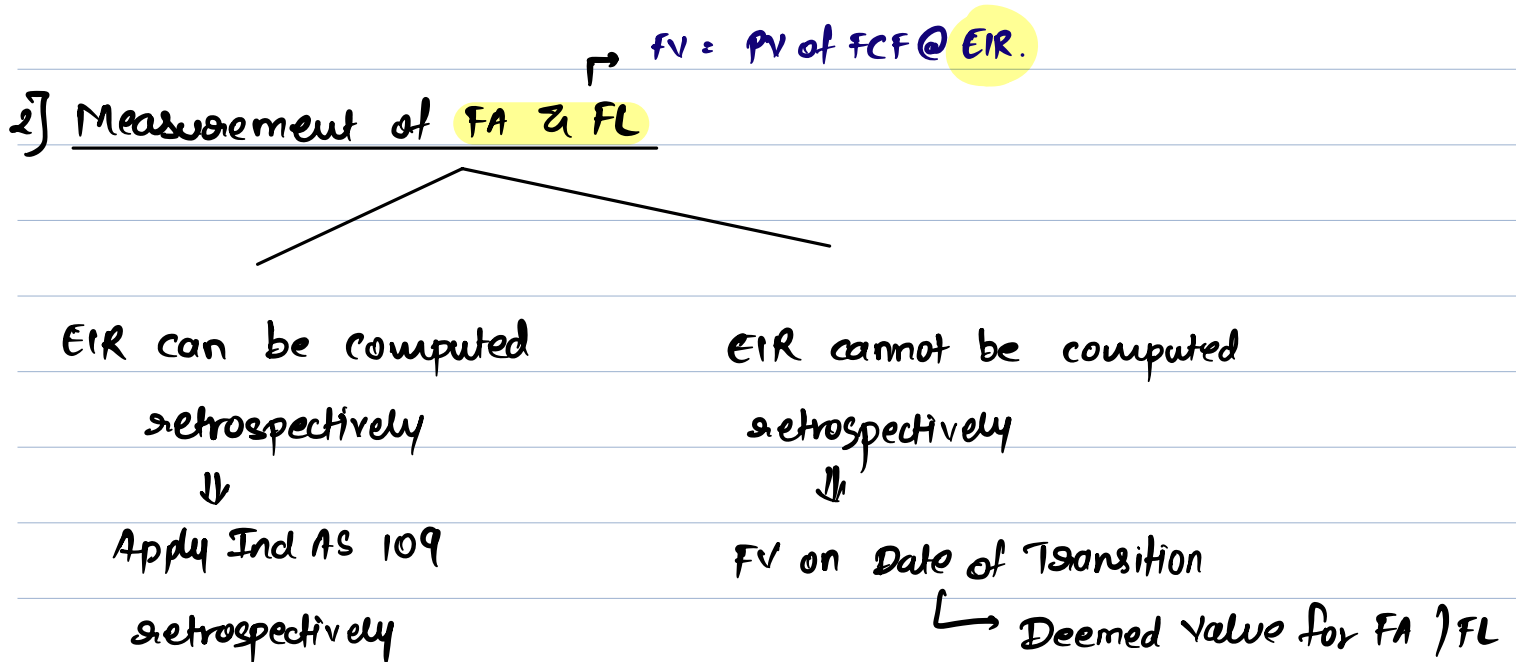
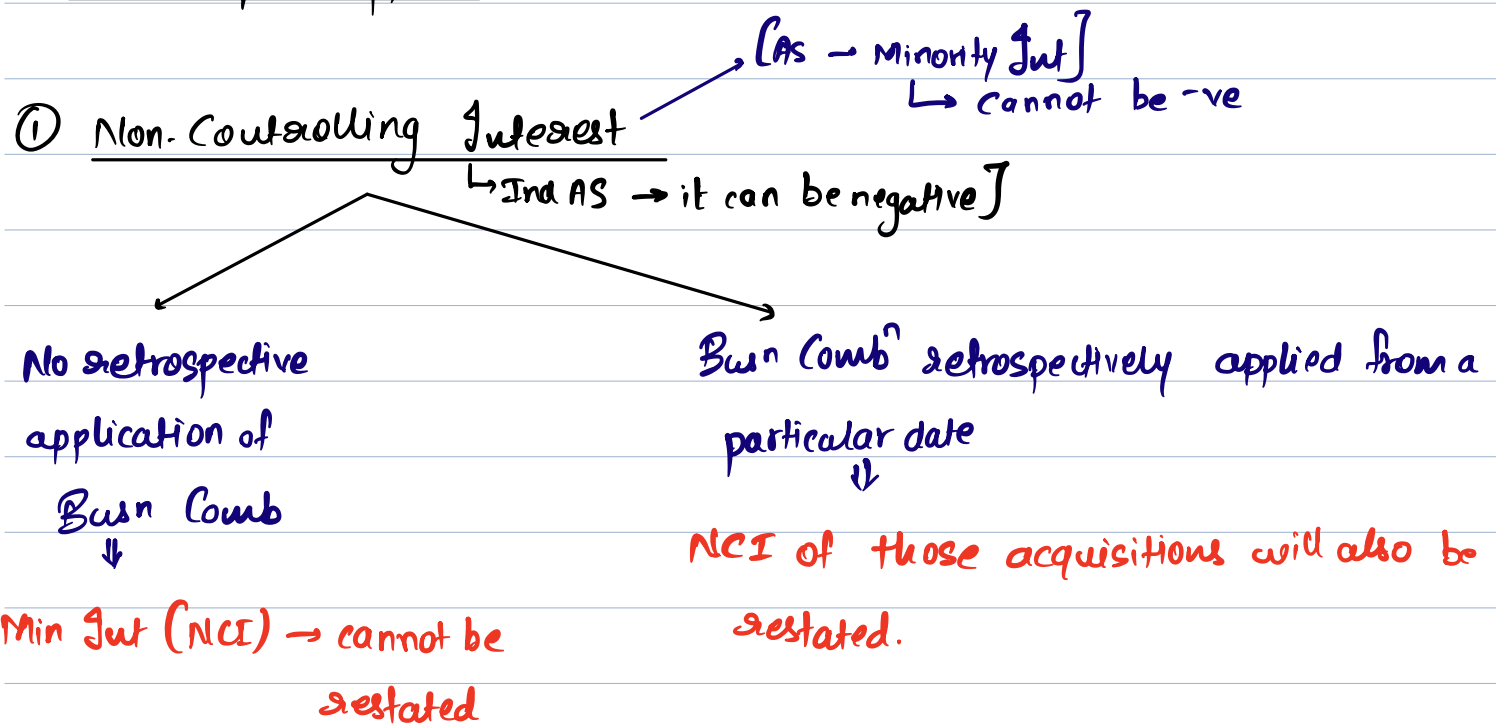
⑥ Business Combination [AS 14, AS 21] Ind AS 103

- ① No retrospective accounting of Past Busn combination
- ② Apply Busn Combⁿ retrospectively But from a particular date
↓
All acquisitions after the selected date need to be restated retrospectively

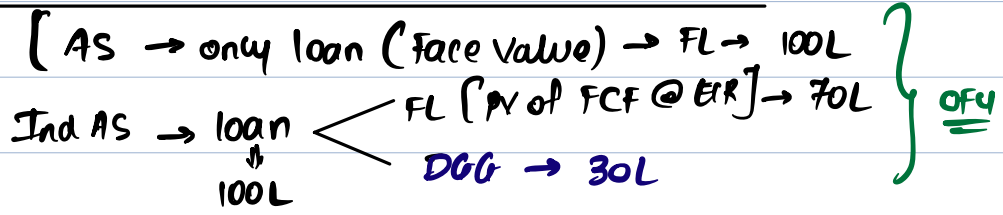
eg: selected date 1.4.20
DOT 1.4.24

Before 1.4.20 (NO Ind AS)
After 1.4.20 (Follow Ind AS retresp.)

* Mandatory Exceptions



3] Govt loans at Below Mkt Rate of Int



Prospectively A/k'ing

Record loan [FL] as per Prev GAAP C.A

Retrospective Application

Apply Ind AS retrospectively & Bifurcate the FL & DGG } OFU we will need EIR on date of loan taken. If not available then you cannot choose this option.

4. Estimates

Apply Prospective
 ↓
 Prev GAAP C.A
 ↓
 Ind AS C.A

Retrospective
Apply Ind AS
 ↓

only if you have evidence on date of estimate
 ↓

Do NOT consider future facts & circumstances that aised post the date of estimates.

eg: DOT → 1.4.24 → Est
 created on → 1.4.21 → As per Ind AS → only use evidence as on 1.4.21

Solved Eg (Pg 22.6) WOR

AS (Eq) → 1cr

↓

Ind AS (FL) → 1cr on 1.4.X5

↓

Ind AS future Accounting (Prosop. Accounting)

} Co. will choose Option of Prosop. Accounting
Prev GAAP C.A → Ind AS value.
↓
why? No Bifurcation available for FL & DGB

Step ① CF

4r

0 1cr → inflow

1-4 -

4th 1.25 cr → outflow

Step ② FV of FL (EIR missing)

↓

Assume 1cr

Step ③ EIR (interpolation)

↓

compute this

↓

5.74%

Step ④ LAT

4r end

Opn

Int @ 5.74%

Repay

CB

31.3 X 6

1cr

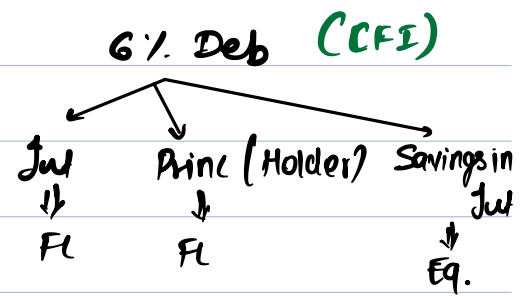
X 7

X 8

X 9

(1.25cr)

Illus 15 (LOR) → Date of Transition 01.04.23



Ind AS

Step ①	yr	CF
	0	30L (inflow)
	1-4	1.8L p.a (outflow)
	4 th yr end	30L + 10% prem = 33L (outflow)

Step ② Fair value of F.L (PV of FCF @ EIR)

$$1.8L \times AF \text{ of } 4 \text{ yrs @ } 10\%$$

$$+ 33L \times D.F \text{ of } 4^{\text{th}} \text{ yr @ } 10\%$$

$$= 2814600$$

Step ③ Diff Btw FV U.T.P (Eq Comp)

$$= 185400$$

Step ④ EIR = 10%

Step ⑤ LAT

yr	Opn	Jul @ 10%	Repay	Cl3
31.3.22	2814600	281460	(180000)	2916060
31.3.23	2916060	291606	(180000)	3027666

↓
FL on 01.04.23

Eq on 01.04.23 → 185400

Date of Transition [1.4.23]

FL - 3027666
Eq - 185400 } As per Ind AS

As per AS [Old value of FL] → $30L + 3L \times \frac{2}{4}$ ↗ accrued But NOT paid
↓
JCAT = 3150000

J-E 1.4.23
J-E. FL (old) Dr. 3150000
R.E A/c Dr. 63066
TO FL 3027666
TO Eq 185400

} present this is statement format if J-E is NOT asked.

Draft Sch III → OFU

Assek

NCA

-
=
=

F.A

=

C.A

⋮

F.A

=

Eq & Liab

Eq

ESC

O.E

NLI

Liab

NCL

⋮

FL

=

CL

⋮

FL

=

Illus 16 (LOR)



Give 1-2 line reasons for each Adj (Refer Q.8).

Transition date B/s of H Ltd as at 1/04/11

Particulars	Prev GAAP	Adj	Ind AS
<u>I] Assets</u>			
<u>NCA</u>			
PPE	1,34,50,000	(450,000)	1,30,00,000
IP	0	450,000	450,000
<u>CA</u>			
Inventory	800,000	-	800,000
<u>Fin. Assets</u>			
Invst in S Ltd	480,000	200,000	68,00,000
T.R.	200,000	-	200,000
Cash	49,000	-	49,000
<u>Other Curr Asset (Adv for Purch)</u>	50,00,000	-	50,00,000
			<u>2,62,99,000</u>
<u>Eq & Liab</u>			
<u>Equity</u>			
Esc	1,30,00,000	-	1,30,00,000
<u>O.E</u>			
Cum. Tr. Diff	1,00,000	(1,00,000)	-
ESOP Res	20,000	1,000	21,000
R.E	179,000	20L → 1,000 + 1,00,000	22,78,000

<u>Liab</u>			
<u>NCL</u>			
<u>FL</u>			
. VAT Def. loan	60,00,000	(2274,472)	3725528
DGB	0	2274472	2274472
<u>CL</u>			
<u>FL</u>			
T-P	30,00,000	-	30,00,000
short term Borrow	8,00,000	-	8,00,000
<u>Prov</u>	1200000	-	1200000
			<u>2,62,99,000</u>

Illus 17 (LOR) → Refer Q. B

Illus 22 (LOR)

Q. 4

AS → J.V → Prop consolidation

Ind AS III → J.A $\begin{cases} \rightarrow J.O \rightarrow \text{Prop. Coult} \\ \rightarrow J.V \rightarrow \text{Eq. Method (Invst xxx) in JV.} \end{cases}$

Imp Hidden Adj → Glw relating to JV in CFS

Total Glw $\times \frac{\text{Net Assets Belonging to JV}}{\text{Total Net Assets}}$

$$= 1507 \times \frac{1825}{23137}$$

$$\rightarrow [1200 + 405 + 280 + 50 - 75 - 35]$$

$$\rightarrow [22289 + \underset{\text{glw}}{1507} + 6350 + 1818 + 104 (-) 8455 (-) 2475]$$

$$= \boxed{119}$$

Asset & Liab (Recorded under Prop consolidation) As per AS
↓
De-Recognise

Recognise → Invest in JV [As per Ind AS] → ₹ 1944
[1825 + 119]

Prepare Revised B/S on Date of Transition

Illus 23 (LDR)

i) <u>Bal of Eq & O.E as per Ind AS</u>		(Fin crones)
a) Equity → Esc		80 cr
⑥ <u>Other Eq</u>		
G.R	40 cr	
C.R	5 cr	
<u>R.E (95 - 40 - 5)</u>	50 cr	
(+) Rev Susp land	5.5 cr	
(+) Dir wloff	0.78 cr	
(+) F.V Gain on Eq. Invst	0.75 cr	
	102.03	
	Total Eq	<u>182.03</u>

Reco Btw Total Eq as per AS & Ind AS

<u>As per AS</u>	
Esc	80
Pref Sh. Cap	25
(+) Rese & Susp	95
	200
Total Eq as per AS	

Adjustments of Ind AS

Pref Sh. Cap (FL)	(25)
	5.5
	0.78
	0.75
	182.03
Total Eq as per Ind AS	

Ques 1 (LDR)

Theory → Refer Q.8. → AS Ind AS Impact

Issue 1

PPE	3,00,000
TO Revaluat ⁿ Surplus (O.E)	3,00,000

Issue 2

Invst	1,00,000
TO R.E (O.E)	1,00,000

Issue 3

FL (loan taken)	20000
TO R.E	20000

Issue 4

Provisions (Div Payable)	30,000
TO R.E	30,000

Issue 5 No entry

Issue 6

R.E	25000
TO DTL	25000

Ques 8 (LDR) i) Vested Shares

For 80000 shares → G.D → 01/04/x1 → vest^g date 31/03/x2

↓
vested Before Transition date.

↓

Ind AS → Exemption to Not apply Ind AS 102 on plans which vested Before Transition date
we can use Prev GAAP value.

BUT, since no accounting done is Prev GAAP (i.e. AS) therefore it is an error as per Ind AS 8 & hence No exemption will be available.

On 01/04/x2 ^{Ind AS 101} ~~EBE~~ Ret. Earn Acc Dr 16,00,000
(Date of Tr.) TO SBP Rese 16,00,000
[80000 x 20]
options

ii) Unvested Shares

For 40000 shares to be vested on 31/03/x5

G.D → 01/04/x1
↓

Exemption X
AS affecting X
Error ✓

↓
Ind AS retrospectively

Date of Tr. 01/04/x2

~~EBE~~ P.E Acc Dr 2,00,000
TO SBP Reserve 2,00,000
[40000 x 20 x 1/4]

31.3.x3 (P.Y) (x2-x3) EBE 200000
TO SBP Rese 200000

31.3.x4 (C.Y) (x3-x4) EBE 200000
TO SBP Reserve 200000

If entries NOT asked present this is statement format